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retirement!**

Iowa Department of Administrative Services
Retirement Investors' Club (RIC)

ICN Q&A Jan 2009

- Q1 Can an employee request to transfer funds from their previous non-RIC plan to another plan not sponsored by the RIC if there is an information sharing agreement in place with the plan that the employee wants the money transfer to?**
- A1** Yes, under certain circumstances. If an employee has two old (inactive) accounts, and if the employer allowed for it in the adoption agreement (the second option in the Exchange section), the employee could request an exchange from one inactive provider to another, if the receiving provider has signed RIC's information sharing agreement.
- Q2 Can an former employee request to transfer funds from their previous non RIC plan to an IRA without a information sharing agreement in place**
- A2** Yes, retired and terminated employees are eligible to rollover or distribute their inactive non-RIC account to another provider outside the RIC 403b plan because they have met a "triggering" or distributable event.
- Q3 Can you explain the billing we received this week from DAS? We paid \$400 in October and are now being billed another \$350. Is this just for the initial setup?**
- A3** The \$400 was an implementation fee and the \$350 is an annual plan fee. We apologize for the confusion caused by the recent invoice. The invoice did say "annual fee" but referenced December as the month of service. We are working with our Finance team to make clarifications to the invoice for future billings.
- Q4 Common Remitter file and wire transfer. Do these have to take place on the same day? Example one person office that person will not be available on Payday. Direct Deposit and other pertinent information can be handled in advance. The wire transfer can even be scheduled in advance to occur on a specific date, but it appears that you are not suppose to upload the common remitter file until the exact date you want this to happen. Is a District then expected to handle this prior to the absence or after (I'm sure after is not acceptable to staff)?**
- A4** Common Remitter requests your file upload and wire are submitted on the same day to ensure your information is processed correctly. If they receive a file upload with no funds, they will contact the employer.
- Q5 Do Districts need to file any documents with the IRS and more specific do Districts need to file IRS form 5500?**
- A5** No. The IRS requires employee benefit plans that are subject to ERISA to file Form 5500. RIC is not an ERISA plan.
- Q6 How is this money being tracked in regards to employee, Roth, and employer contributions? On the form we send to common remitter, we are only specifying Employee or Employer. How will they know that some of the Employee money is Roth? In addition, on the form the employees are sending in (at least with Hartford), there is no place for them to signify the employer contributions. Hartford's Enrollment Record lists only Employee & Roth contributions so some representatives have put the District's contribution as an employee contribution. Is this correct?**
- A6** The source code for Roth should be indicated as "RT" on your payroll file. You may send

Roth contributions on the same file upload or may submit them on a separate file. Per Hartford, for someone who only has employer contributions, leave section A blank and handwrite under the allocations section (right hand side of the form) "only ER contributions." Hartford is considering revising its form.

Q7 I received a letter from a financial advisor requesting my signature on a Distribution Request form to allow one of our retirees to exchange her TSA's to IRAs. What should I do with this?

A7 If your district has completed your set-up with planwithease and planwithease is receiving data feeds from that vendor, your employee should be requesting distribution authorization through planwithease.com. Otherwise, forward the request to RIC and we will review and sign it. When you send us requests, please verify for us that the person is terminated or over age 59 ½, whichever is applicable.

Q8 How many participants in the new plan by vendor.

A8 Until all files are uploaded, we do not know.

Q9 How many assets in the new plan, by vendor.

A9 At this time, we don't have access to this information. We can make this available in the future.

Q10 How soon do you think the January annuity payments will be in the employee's account? Hopefully this will be during the month of January.

A10 ING will use its best efforts to process Remittances and Data files received in Good Order by 2:00 PM ET on a Business Day by the end of the same Business Day.

Q11 I am still receiving requests from former vendors to sign plan documents and information sharing agreements. How do we handle these requests?

A11 Currently we do not want you to sign these requests. We are still evaluating the necessity of signing the information sharing agreements of vendors that have refused to sign agreements with RIC and planwithease. If you have participants attempting to make exchanges or distributions, please have them contact us.

Q12 I distributed the Annual Eligibility Notice to all employees who received a W-2 for 2008 and moving forward will distribute this notice with payroll packets for all new hires (which include my subs) I have this procedure documented. Am I in compliance?

A12 Yes

Q13 My last error on my common remitter census file said all my employees were marked "hired" (and they expect to see terminated and retired). I excluded these employees when I created my file. They said I would be responsible for reviewing and approving disbursement requests (if any come in on these employees) until I enter retirement or termination dates for these. I don't have the time to find these dates at this time....what are my options?

A13 RIC can review and authorize distributions that cannot be authorized by planwithease due to incomplete employee information, but we would also need you to verify termination dates before we would sign paperwork. We suggest you set aside some time to update your census file.

Q14 **I have several transfer requests from employees. What is the procedure to handle these? Am I authorized to sign them? At one point we were told not to sign anything regarding transfers, rollovers, etc. because it could result in a tax obligation to the employee.**

A14 Please see A7 above, as the information is the same for exchanges and rollovers.

Q15 **I haven't signed any ISAs from the old providers. Has the State gotten ISAs signed from all of the old providers?**

A15 RIC has received approximately 25 signed ISA's from de-selected vendors (we will post the list on our website).

Q16 **If a district has two payrolls per month and withholds 403b funds from each payroll, is there a requirement to transfer the 403b funds twice a month or can we continue to transfer after the second payroll of the month?**

A16 Our plan document, which mirrors the IRS model plan document in this respect, allows you until the 15th day of the following month of the payroll deduction to deposit in the employees' retirement account.

Q17 **If the employer has an early retirement plan with annual employer contributions (over 4 years) to a 403(b) plan, must these contributions go through Common Remitter?**

A17 If you have a separate plan set up through for example MidAmerican like many schools do, utilizing them as the TPA for those early retirement plans you can still use them. But if you don't have anything set-up then those early retirees would need to start accounts with one of the RIC providers and money would need to go through Common Remitter and planwithease would be the TPA.

Q18 **In late October, 2008, I notified all 403b vendors by letter of the switch to the State Plan and I am still receiving the monthly list statements. Should I do anything else?**

A18 Mail or fax the "de-selected vendor" letter to them again including their statement, hopefully mailings should stop.

Q19 **I uploaded my internet file to ING, and then ING forwarded the money to Security Benefit. I received a call from Security Benefit Life asking if the contributions were 403b or 457? How do I know which employees have selected?**

A19 Does your school offer a 457 plan, and have you appointed planwithease the TPA of your 457 plan? If not then all your employees' accounts should be 403b, if you do offer a 457 plan then you should have been using a separate salary reduction form for your records.

- Q20** ING Common Remitter has not gotten back to me on procedures, passwords, etc for the federal wire transfer. On Dec 5 they sent me an email stating that they were sending that info soon, but it never came. I called them on Jan. 7, and ING Common Remitter told me I'd have it in a couple days. I still don't have it, and I've now run my Jan. payroll. Do you have info on how we can upload our remittance file, as well as login, password, and federal wire instructions that were promised but never came? Also, how are we to handle wire transfer fees that the bank is charging? Our bank refuses to waive the fees, and we don't feel the district should have to pay that since our 403bs are employee contributions only.
- A20** We apologize on your delay in receiving the wire information and upload instructions, but Common Remitter has been backlogged in processing the high volume test files they have received in the past few weeks but are working very hard to get caught up. We don't have the wire instructions because each school will be issued a unique identifier within their instructions and should not be shared with other schools. Sorry, but federal funds wire is the only option accepted when remitting money to Common Remitter.
- Q21** Are we supposed to be submitting files to Common Remitter and Planwith ease on the actual payday? I thought that is how it would work, but another business mgr told me it can wait until the 15th of the next month - is that correct? If I wait, then the employees investment money doesn't get invested until a later date, and I've always felt that once that money was deducted from a paycheck, I was responsible to get it sent in for investment immediately. Could an employee come back and say I was negligent for not investing their money in a timely fashion?
- A21** Yes, you should remit on the frequency you typically remit your payroll or at least once a month. You have until the 15th day of the following month of the payroll deduction to deposit in the employees' retirement account.
- Q22** Is it mandatory that we do a wire transfer or is an ACH acceptable? The cost to do a wire is going to be \$20 per month that the bank will not wave for us. They don't understand why an ACH is not acceptable.
- A22** We are sorry, but federal funds wire is the only option accepted when remitting money to Common Remitter. The trust fund set up to receive the funds can only legally receive wire transfers.
- Q23** Isn't it very risky sending social security numbers, birth dates, etc. through email? I have already done it so I sure hope it was safe!!
- A23** Unless you are able to encrypt them, the test files that you emailed to Common Remitter and planwith ease your employees' social security numbers should have been disguised in the format (XXX-XX-1234) or deleted altogether. When you actually upload your files directly to their secure sites in the future, it will be OK to use the full SS#.
- Q24** How are we supposed to know the names of every employee who has EVER contributed to a 403b for Planwith ease? This is the information they want under Currently Contributing (very confusing since it says currently but they want historical information)

- A24** If planwithease receives account data on an individual who is not on your census file, they will call you and ask you to add them. You will then need to use your best efforts to find the information. If it isn't available, any requests for distributions will need to come to RIC, as planwithease cannot service an account without information.
- Q25** **Our payroll is on the 1st of each month. We have yet to receive our user and/or password from Common Remitter. We are now processing February payroll and will soon have those funds waiting for a transfer as well. Do you have any insight on where our Common Remitter is on the process of our being able to wire funds? Thank you.**
- A25** Please reference A20. It all depends on when you sent in your test payroll file.
- Q26** **The PWE employment status information for RETIREES sub-type values are Normal, Early and Postponed. Define Normal, Early and Postponed.**
- A26** Normal is the default for all retired employees, unless your system defines them as early and/or postponed.
- Q27** **PWE census data includes PREVIOUS YEARS OF SERVICE. How is years of service to be computed - calendar year, fiscal year, employee date hired? Can a different method be used for certified (Aug - May is 1 year) than for non-certified (anniversary date)? PWE will have termination and rehire data uploaded making it not necessary to include previous years of service after upload of ALL (terminated and retired staff) - correct?**
- A27** A one year period may not translate to 12 month year if the employer considers a teacher's period of service to be a less amount (e.g. 9 or 10 months, to parallel the academic year. Planwithease doesn't calculate years of service – they use the figure you provide. Further guidance in calculating years of service is provided in IRS publication 571, pages 8-9.
- Q28** **We are still receiving requests for ISA's from companies that were previously 403b providers for our employees. Has RIC been able to obtain ISA's from past providers? What should we do about those companies that will not sign RIC's ISA Agreement? Should we be signing the ISA's from these companies?**
- A28** Please see A15.
- Q29** **We are working with ING common remitter and have been told that due to the large volume of test files they are currently receiving that they will not be able to get us set up to send our January contributions until sometime in mid February. Is there anything that can be done to speed up this implementation?**
- A29** See A20.
- Q30** **We have completed the January 09 payroll. We still have not received any instructions on how to submit the funds.**
- A30** See A20.

Q31 We have received multiple notices from the Common Remitter that they will be sending our school district wire transfer instructions and login instructions soon and that we need to be patient. We will be patient. But fairly soon our teachers will notice that we have already processed the January payroll and the district has not yet transferred the money to their annuity account with their provider. How soon with the Common Remitter get us this information?

A31 See A20.

Q32 We offer a retirement package to our certified teachers which involves a \$30,000 payout over a 4-year period (\$7,500 per year). The payout is in the form of a 403(b) package through ING. We currently make our annual checks payable to "AUL Special Pay Trust, C/O Midamerica Retirement". Will this be incorporated into the State Plan, or is it to be handled completely separately, like the 457 Plans?

A32 Yes, you can still use MidAmerica. It is a separate plan, though, so you will need to coordinate limits - basically ensure that the contributions to both plans combined don't go over the annual limit.

Q33 What happens if there is a problem with our uploaded file? Do they contact us to make sure that the money and the file amount match?

A33 Yes, Common Remitter would contact you via phone or email if there are any issues with your wire or payroll file.

Q34 Our bank doesn't seem to know what a Federal wire is. Can you explain this so that we can go to them to make sure that our funds are sent? They just give us the general wire instructions. Any clarification so that we can make sure that the money is sent the way that you want it.

A34 Common Remitter would receive a federal funds wire the same day it is transmitted, whereas ACH takes 2 business days to be processed through a federal clearing house. There are other distinctions between the two, but if your bank has questions they can call (866)406-0658 or email common.remitter@us.ing.com.

Q35 What is the expected timeframe for sending employees 403b contributions to the 6 vendors once the money has been wired from the district and the file sent? There are obviously additional layers built in (vs. the district sending out a check to the 403b vendor) and employees are concerned about how quickly money will get sent to their account.

A35 See A4

Q36 What procedures do we need to follow if an employee (or former employee) wants/needs to access their funds in a previous 403b?

A36 See A7.

Q37 When an employee is Rehired, what is the Plan Entry Date? Original Hire Date or Rehire Date?

A37 Rehire date.

Q38 When former employees are found and added to the Census Data File, will their years of service field need to be filled in or is this only if they are rehired?

A38 Planwithease cannot accept a blank entry date in this field; however, if the employee has not made any contributions to the plan in the current year, this field can be left as zero. All the "Years of Service" field for retired or terminated employees can be listed as zero.

Q39 When are the payments due to the common remitter each month?

A39 15th of the following month.

Q40 Why are we getting a bill for \$350 for Dec1-31, 2008 when the contracted services have not yet started? Will we be billed again for 2009?

A40 See A3.

Q41 Census demographics- just how much information do they really need. Do we need to go back so many years to capture retired/ terminated employees? How often does this need to be updated?

A41 See A13.

Q42 Will the new state plan handle the distributions for employees who have retired in the past and have had individual 403(b)s and may be currently receiving distributions, or will they only handle distributions for current employees who are now contributing to the state plan as of January 1, 2009?

A42 Yes, distributions will be reviewed/authorized for all current, retired and terminated employees.

Q43 Will we (or the state) be responsible for tracking inactive/retired employees who may have investments in old annuity plans and/or active employees who choose not to participate in the state plan, but were on the old system?

A43 See A13.